



Cleveland District Office News

Information for the Small Business Community

February 2008

U.S. Small Business Administration
Cleveland District Office

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February 2008 Newsletter
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For More Information
SBA Home Page: www.sba.gov

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam.

- SBA Answer Desk: 1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640

All of the SBA's programs and services are provided to the public on a non-discriminatory basis.



LOAN REPORT *as of January 31, 2008*

Total Loan Volume – JANUARY 2008 (7(a) and 504 Combined)

Bank	Number of Loans	Dollars (In Thousands)
National City Bank	76	\$5,947
Charter One Bank/RBS Citizens	69	\$3,003
Huntington National Bank/Sky Bank	59	\$18,459
U.S. Bank	45	\$4,761
FirstMerit Bank	28	\$4,179
JP Morgan Chase Bank	28	\$4,341

504 Loans

Bank	Number of 504s
Huntington National Bank/Sky Bank	6
Community South Bank	3
First Midwest Bank	3
FirstMerit Bank	3
JP Morgan Chase Bank	3

CDC	Number of Approvals	Dollars (In Thousands)
Growth Capital Corp.	10	\$3,120
Community Capital Corp.	7	\$4,366
Cascade CDC, Inc.	6	\$4,766
Lake County SBAC	3	\$936
Mentor Economic Assistance Corp.	3	\$372
Stark Development Board	3	\$793
Ohio Statewide	2	\$1,289
Northwest Ohio Dev. Assistance	1	\$343
Sem Resource, Inc.	1	\$1,995
West Central Partnership	1	\$115

Business.gov Unveils State and Local Search Features

Google, Web 2.0 Search and Expanded Content Top the List of New-Release Features

Business.gov, the official business link to the U.S. government, has launched new search features and expanded content that make it easier for small business owners to find essential information they need to run their operations, including forms, licenses, permits and regulatory information from federal, state and local governments. In addition to federal government resources, business owners now have access to over 9,000 state, territory, county, and city government Web sites providing information on starting and managing a business while complying with regulations from all levels of government.

Business.gov's new search service is a "mashup" – a unique service created by combining content from separate Web applications – of Google-based services that include Google's Custom Search Business Edition, Google Maps, the Google Search Appliance and publicly available compliance information culled from federal, state and local government Web sites. The new service improves upon general search services by delivering results directly aligned with doing business in a specific geographic area, saving business owners time by getting to the right information more quickly. For example, if a user types in "business license Richmond, VA" the relevant results on licenses will be returned from the City of Richmond and State of Virginia Web site.

"The inclusion of state and local content on Business.gov means that small business owners can go to one website to find what they need to successfully manage their operations," said Nancy Sternberg, program manager of the Business Gateway Initiative. "Business.gov helps give small business owners a complete understanding of what's needed to comply with government regulations." Business.gov has also expanded the content of its Small Business Guides which help business owners understand what regulations and programs apply to them, how to comply,

News for Our Lending Partners

2nd Quarter "Peg" Rate, Direct Interest Rate, and Maximum Interest Rate of a Third Party Lender Loan for a 504 Project:

The interest rate on Section 7(a) Direct Business Loans is 5 5/8 percent (5.625%) for the fiscal quarter beginning January 1, 2008. (Information only – no direct funds available at this time.)

The optional peg rate for fluctuating interest rates on guaranty loans is 4 3/4 percent (4.750%) for the January-March quarter of FY 2008.

Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for any third party lender's commercial loan which funds any portion of the cost of a 504 project (see 13 CFR 120.801) shall be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given State, the maximum interest rate will be the rate permitted by the constitution or laws of the given State. ♦

Save the Date!!!

MATCHMAKER 2008

Small Business Contracting Opportunities

***At Progressive Field, Cleveland
May 20 and 21st***

and how to stay in compliance while growing and managing their operations. For example, if a retail business is interested in expanding its business online, the Small Business Guide to E-Commerce will provide guidance on legal and regulatory requirements the business owner must meet before opening an online store.

Business.gov's expansion follows the recent addition of a new "Permit Me" feature, providing a single source for information on obtaining federal, state, and local permits, business licenses, and registrations for types of businesses most popular with Business.gov users.

About Business.gov

Business.gov is the official business link to the U.S. Government. Business.gov is managed by the U.S. Small Business Administration in a partnership with 21 other federal agencies. This partnership, known as Business Gateway, is a Presidential E-government initiative that provides a single access point to government services and information to help the nation's businesses with their operation. Originally launched in 2004, the Web site provides information that helps businesses comply with government regulations. ♦

SBA Teams with Dun & Bradstreet to Provide Small Business Owners with Credit Management Resources

Small business owners now have a new small business resource to help improve their chances for profitability by understanding the importance and use of business credit. The U.S. Small Business Administration today launched a series of training resources designed to help small business owners manage their business credit. The SBA and Dun & Bradstreet (D&B) have joined together in a nationwide partnership to give small business owners valuable step-by-step guidance on how to proactively manage their business credit. With the training resources, small business owners are advised to take the following five smart steps to establish and maintain a positive business credit file:

Step One: Start a business credit file – To establish business credit, business owners may need to obtain a D-U-N-S® Number, a unique business identification number, to begin to establish a credit file as soon as they start their business.

Step Two: Establish a credit history – Business owners should put all expenses in their business name and use a commercial bank account to pay bills, rather than using personal funds. This approach will allow business owners to build a history of payment behavior that will help establish favorable credit terms.

Step Three: Pay bills on time – Commercial credit scores are influenced by paying bills on time as well as other factors, such as outstanding debts and company revenues.

Step Four: Monitor and understand their business credit file – Business owners should monitor their credit file before any change occurs that might affect relationships with suppliers, customers and banks.

Step Five: Monitor customer and supplier credit – Business owners can improve cash flow by knowing the credit standing of business partners before agreeing to payment terms.

The training resources include an online Webinar, CD-ROMs, informational brochures and other resources on how to properly establish and protect business credit. Resources and information are available on the SBA's Web site at www.sba.gov.

“Both the SBA and Dun & Bradstreet have a long history of experience in working with small businesses to maximize their business success,” said SBA Administrator Steve Preston. “These are five smart and easy steps that any small business can implement to establish and maintain good business credit and protect their businesses.” D&B has worked with business leaders for more than 165 years to provide critical insight and tools to foster growth and protect their businesses. “This new partnership between the SBA and D&B will help small business owners optimize their business credit profile, which can potentially lower costs of credit and improve cash flow,” said David Kieselstein, Senior Vice President, Small Business, D&B.

Dun & Bradstreet (D&B) is a leading business information provider that offers database services that allows business principals to review and update their company information. D&B has a dedicated portal – www.dnb.com/sba/eupdate – for small business owners. The U.S. Small Business Administration, the nation's largest financial backer of small businesses, has teamed with the D&B to expand tools for business solutions. The SBA's programs and services help business owners start, run, and grow their businesses, and provide a range of financial, technical, and management assistance. ♦

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Urban Institute Studies Confirm SBA Loans Fill Market Gap

A package of studies released today by the nonpartisan Urban Institute has found that SBA programs are more effective than conventional loans in reaching minorities, women and start-ups, and that SBA loans are a key financing tool for creditworthy small businesses that nevertheless do not meet conventional underwriting standards. In its most recent fiscal year, nearly a third (32.1 percent) of all SBA-backed loans went to start-up businesses, a third (33.6 percent) went to minority borrowers and 22.3 percent went to women. Overall, loans to businesses in underserved areas – including designated Enterprise Zones, HUBZones and Low and Moderate Income areas – represented more than 36 percent of total loan approvals.

The study also found that during the period studied – 2001-2004 – 18.8 percent of firms that received a conventional small business loan with a term greater than one year got an SBA-backed loan. When firms that received loans of shorter maturities are included, the percentage is 11.6 percent. The Urban Institute also found that for variable rate loans, borrowers who received SBA-backed loans were willing to pay higher interest rates than borrowers of conventional loans in order to secure commercial credit. The studies were commissioned by SBA three years ago to study the agency's lending effectiveness and its value to underserved communities. These studies are necessary to establish an initial baseline for evaluating the outcomes achieved through SBA lending.

The studies analyzed the 7(a) Loan Guaranty Program, the Certified Development Company (CDC) 504 Loan Program, the Small Business Investment Company (SBIC) Debentures Program, and the MicroLoan Program to help SBA assess past performance and test methodologies for setting meaningful targets for future accomplishments. "These reports validate our essential role in getting capital to underserved communities and our success in doing so," said SBA Administrator Steve Preston. "They also support the recent initiatives we have rolled out to enable entrepreneurs who are not receiving capital through the conventional market."

The studies found that borrowers who get SBA-backed loans are more likely to be minorities, women and start-up entrepreneurs than those who get conventional loans, and find little overlap between SBA and conventional lending. The Urban Institute also reported that commercial lenders, consistent with program intent, use SBA guarantees to support borrowers who are creditworthy but don't meet conventional underwriting standards. On the other hand, while the studies found that average sales and employment increased over time for SBA-financed businesses, researchers were unable to identify any strong, consistent predictors of success.

The findings support the conclusion that SBA's programs are, in fact, supporting small businesses that cannot obtain "credit elsewhere." Among the specific findings were:

- 7(a) and 504 guaranteed loans were more likely to be made to women or minority-owned businesses and start-ups than conventional small business loans.
- 7(a) and 504 guaranteed loans are, on average, made to small businesses with fewer employees and lower annual sales revenue than conventional small business loans.
- 7(a) and 504 guaranteed loans have longer average maturity terms than conventional loans.
- For variable rate loans, SBA's guaranteed borrowers pay a higher average interest rate than conventional borrowers, indicating that they were not able to find financing at a lower rate elsewhere. ♦

The seven Urban Institute reports are available at <http://www.urban.org/projects/sba/>. With inquiries, please contact Stuart Kantor, at 202.261.5283 or skantor@ui.urban.org.

Small Businesses Nominate Over Eighty Regulations for Review and Reform

Nominations Made in Response to Advocacy's r3 Initiative

Small business owners and their representatives have nominated over eighty existing regulations for review and reform in response to the Office of Advocacy's Regulatory Review and Reform (r3) initiative. The "Top 10" nominated rules will be transmitted to appropriate federal agencies for review and reform. "The fact that our office received over eighty strong nominations shows that small businesses are concerned about the cumulative weight of regulations," said Chief Counsel for Advocacy, Thomas M. Sullivan. "Not only will the strongest and most compelling cases make our Top 10 list, the rest of the nominations are giving us insight into regulatory areas of most concern to small business." Advocacy will transmit the Top 10 list to agencies in the spring and will work to ensure that the listed rules will be reviewed and reformed. In order to track agency progress, the recommended reforms will be posted on Advocacy's website and an update on the status of reforms will be published twice a year. Advocacy encourages small businesses and their representatives to follow the progress of the reforms and comment to the agencies on that progress. Advocacy created the r3 initiative because complying with federal regulations now costs our economy \$1.1 trillion per year, which costs more per household than healthcare. The smallest of businesses bear the brunt of regulations. They annually pay 45 percent more per employee to comply with federal regulations than big businesses do. Find out more about the r3 initiative and agency progress in reviewing and reforming the Top 10 rules by visiting www.sba.gov/advo/r3. ♦